

# Illinois

2004 ANNUAL REPORT



# United States of America

## *United States President*



**George W. Bush**

***In our own country we must work for a society of prosperity and compassion so that every citizen—every single citizen—has a chance to work and to succeed and realize the great promise of our land.***

## U.S. Department of Agriculture

### *Secretary of Agriculture*



**Ann M. Veneman**

One of the hallmarks of the Bush Administration centers on improving the quality-of-life and increasing economic opportunities in rural communities. To do this, USDA Rural Development focuses efforts on three primary areas -- home ownership opportunities, business development, and community infrastructure.

The \$50 billion in USDA Rural Development investments made by the Bush Administration has helped to create or save over 800,000 jobs that are important

to rural communities. The all time record high of 76.1 percent homeownership in rural areas is evidence that programs are working as USDA Rural Development has helped 170,000 families attain their dream of homeownership. President Bush has set a goal of providing access to all Americans by 2007. USDA Rural Development is helping meet this goal by increasing access for 1.2 million households and businesses to high-speed Internet technologies.

USDA Rural Development has provided 2.7 million people with basic community water and wastewater infrastructure. Additionally, investments that assist communities with financing public health and safety first responder requests, including financing the purchase of 600 fire trucks and 150 police cars and construct or renovate nearly 100 medical facilities, are having a positive impact on the quality of life in rural America.

The Bush Administration understands the values and traditions that are unique to those who call rural America home. President Bush and I, along with our USDA Rural Development family, are working hard to support families, businesses, and communities increase economic opportunities and improve the quality of life in rural communities.

### *Acting Under Secretary of Rural Development*



**Gilbert Gonzalez**

Citizens and community leaders throughout rural American share a common desire to bring economic opportunity and an improved quality of life to their community. There is a remarkable cohesiveness among rural citizens that allows the energy and enthusiasm of local citizens to harness the resources needed to bring solutions to economic and social issues facing their communities.

Today, more Americans than ever are realizing their dream of becoming a homeowner. Bringing stability to families, neighborhoods and increasing personal family wealth through building of financial equity in their future. I am proud to say that 20 percent of the first-time homeowners receiving financing this year are minority families.

We are committed to aggressively working to help families, communities and businesses build the basic community infrastructure, help create more local jobs and gain access to educational and health care services and technologies that allow them to be better prepared to compete in a global environment.

While we have accomplished much, we know that more must be done to assist more families, businesses, and communities benefit from the financing and technical assistance USDA Rural Development provides. That is why I unveiled this year a new education and outreach effort designed to ensure everyone in rural areas knows what assistance is available to help them achieve their economic goals and improve their quality of life. Simply put, USDA Rural Development is the sole government agency that can build rural communities from the ground up.

To date, the Bush Administration, through USDA Rural Development, has invested \$50 billion to help create or save over 800,000 jobs. We have a team of dedicated professionals capable and ready to work with you to improve the quality of life in rural Illinois. I encourage you to contact your local or state office in Illinois to learn more about how USDA Rural Development can help improve the quality of life and increase the economic opportunity in your community.

# Message from the Director

## Rural Development's Illinois State Director



**Douglas Wilson**

I'm pleased to announce another outstanding year for USDA Rural Development in Illinois. During 2004 we provided more than \$334 million in loans and grants to help strengthen the economy of rural Illinois and improve the quality of life that rural residents deserve.

This year we broke lots of records, helping more people and providing more loans. There are many reasons for our success this year. We renewed our commitment to let people know who we are and what we can do for them. We have expanded our involvement with our partners. Most of all we have

succeeded because of the dedication of Rural Development employees and the leadership and support Washington has given us.

I continue to be impressed by the sincerity and ingenuity I see in the people who work at Rural Development in Illinois. The people who work in our 30 offices are the same people invested in helping their neighbors, their schools and churches and their civic organizations. I couldn't be more proud of our employees whose commitment at work is as strong as their commitment to their own communities.

We are grateful for the vision President Bush has provided us to encourage entrepreneurship and opportunity in rural America. His Faith-Based Initiative gave us the chance to develop more partners eager to provide quality services in rural areas. His pledge to expand broadband access and develop renewable fuels holds great promise for rural businesses. Our Congressional delegation once again showed tremendous support for our programs and the national Rural Development office provided tremendous assistance to get out our message.

Please take the time to read about some of the ways we have made rural Illinois a better place to live. This year we surpassed the \$1 billion mark in home loan guarantees, invested a record \$32 million in essential community facilities and led the challenge to provide rural water to every rural community.

Each of us at Rural Development in Illinois is personally committed to making life better for the people in the counties and state in which we live. Help us spread the word.

*Doug*

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## Fiscal Year 2004 Investments

Housing .....	\$199,428,694
Community Facilities.....	\$ 31,669,498
Water and Waste.....	\$ 33,426,700
Business.....	\$ 25,023,645
Electricity & Telecommunications .....	\$ 44,480,400
<b>Total.....</b>	<b>\$334,028,937</b>



# Building A Community

## *Building a Community* *...McLeansboro and Hamilton County*

Rural Development is the only federal or state agency whose sole mission is to serve the needs of rural Illinois. We can help rural communities provide virtually everything they need to sustain a healthy, safe and economically viable environment.

Improvements in Hamilton County and its county seat McLeansboro illustrate some of the ways Rural Development can make a difference in the quality of life in a rural community.

Rural Development helped the **Hamilton County Water District (HCWD)** be the first rural water district in the state and the third in the nation to provide water to everyone who wanted it within the district. HCWD's Dave Biggerstaff and Donna Morris are proud of the broad reach of the district's water lines. Rural Development also helped McLeansboro improve the municipal sewer system.



**Pioneer Seed Company** decided to build its facility in Hamilton County 20 years ago, but only after public water was made available with help from Rural Development. Water is a critical resource for the facility that produces 1.7 million units of soybeans a year.

*Dave Biggerstaff meets with Pioneer plant manager Jim Lutz on the advantages of water to rural business.*



Farmers Roger Swartz and Ken Lassiter bought a closed coal mine from Consolidated Coal and transformed the land and structures on it into an **industrial park**. Rural Development financing is helping the Hamilton

County Economic Development Commission purchase and rehab an old rail line to service the industrial park. The rail line has attracted four businesses to the existing buildings and former coal silos.



*Businesses including a metal fabricator occupy the former Consolidated Coal headquarters. The silos are being used to store grain.*

Rural Development funds were used to renovate the HVAC system at **Hamilton Memorial Hospital**. We are working with hospital CFO Brad Futrell on an application for an assisted living facility to be built adjacent to the hospital. Rural Development also financed the Foundation for Family and Community Development's senior center and offices that provide comprehensive senior services.



**Pinecrest** provides 11 affordable, fully accessible apartments for the elderly and people with disabilities in McLeansboro. Rural Development financed the buildings and provides rental subsidies for qualifying tenants. We funded six other units for seniors and 24 family units.



Rural Development helped Russell Ingram move out of a substandard house into his own **new home** with a direct



loan. We also found a way to provide the needed sewer hook up. Forty-one homebuyers in Hamilton County currently have loans with us.

*Russell and his sister Linda stand in front of the house he happily left for his new home.*



Rural Development is helping communities all over rural Illinois with housing for single families, affordable apartments, essential community facilities, water and waste systems, business development, telecommunications and electricity. In 2004 we committed **\$334 million** in Illinois; next year we plan to commit more.

## Affordable Housing Options for Renters

- \$2.6 million in rural rental housing loans in 2004
- Over 600 rental complexes financed
- Rent subsidies for 10,000 very-low income households

Affordable apartments for renters are in short supply in rural areas. The problem is particularly bad for low-income renters. Rural Development makes direct loans to build or do substantial rehabilitation of rental housing for very-low to moderate-income families and individuals. Non-profit or limited profit owners receive rental assistance for households with incomes too low to pay the subsidized rent from their own resources.

### Home Sweet Home for Seniors

Rural Development and the Illinois Housing Development Authority responded to an effort spearheaded by a faith-based group in **St. Anne** called Concerned Action for the Elderly. Northlake Villa Apartments was built to provide a much needed place for senior citizens and people with disabilities to live. Built on a lake, the facility has 12 one-bedroom apartments and a great room with a complete kitchen. Rural Development is also providing rental assistance for tenants who qualify.



*In August the ribbon was cut to open Northlake Villa Apartments in St. Anne in Kankakee County.*



### Turning It Around



*A rehab loan preserved this low income housing in Martinsville.*

A low-income housing project in **Martinsville** built in 1981 was suffering from years of neglect and poor management.

The aluminum siding was faded and the porches were wobbly and dangerous. No one could walk out on them for fear of falling through. The trash enclosure had rotted away and bushes behind the buildings had not been trimmed in years. The apartments were inaccessible to disabled tenants.

Carpenter Management purchased the property and rehabilitated the complex with a loan from Rural Development. They made repairs and updated the interiors of many of the units. A play area was added under the shade of a large oak tree in the front yard. Because of the repairs and better management, occupancy is way up.

### Extreme Makeover

Rural Development loaned \$424,000 at one percent interest to the Whiteside County Dwellings Upgrade Association, Inc., a non-profit corporation to help purchase and refurbish Cedar Woods Apartments in **Rock Falls**. The 46 year old apartment complex was still structurally sound, but it needed significant updating.

The funding helped extensively renovate the 27 townhouses. Just two blocks from elementary and middle schools, the development provides two, three and four bedroom apartments for families. The complex continues its history of being a home for residents with a wide range of incomes.



*Preparations are made for the December grand re-opening of Cedar Woods Apartments.*



## *The Dream of Homeownership Becomes Reality*

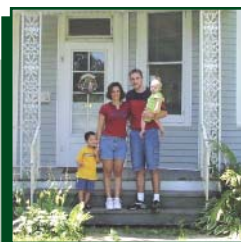
Owning a home is a basic part of the American dream. It gives people pride of ownership and cements their commitment to their community. The buyers, their neighborhood and their community all benefit when that dream becomes a reality.

### **Guaranteed Housing Loans**

- 2,196 home loans guaranteed
- \$153 million in home loan guarantees
- #2 in the nation in helping families buy homes

Many rural residents think homeownership is beyond their grasp, especially in rural areas. That's not so. A **guaranteed home loan** from Rural Development can be made for 100 percent of the value of the house with a 30 year term, no down payment, no monthly mortgage insurance, no limit on seller contributions, a competitive fixed interest rate and no maximum purchase price.

*The guaranteed loan program can be used to purchase new or existing homes. Only the ability to pay limits the cost of a house the borrower can purchase. Homes in rural areas with fewer than 20,000 people are eligible.*



### **Million Dollar Lenders**

Homebuyers can contact any of the 315 lenders in Illinois who are approved to use Rural Development loan guarantee programs. In 2004 we recognized 44 of them who generated at least \$1 million in guaranteed home loans. Some loaned as much as \$12 million using the Rural Development guarantee.



*State Director Doug Wilson and Rural Development Manager Mike Booher present a **Million Dollar Lender** award to Paul Short, Senior VP of the State Bank of Lincoln.*

### **Breaking A Billion**

USDA Rural Development put Illinois over the \$1 billion mark in guaranteed home loans. Lisa McCree of **Carterville** helped us make history when she signed her mortgage with the Bank of Marion using a Rural Development guarantee.

Rural Development in Illinois started guaranteeing home loans in 1992. We have been one of the top three performing states for guarantees for the past five years. This year we helped 2,196 borrowers buy homes in rural areas with the most affordable program any lender can offer without a downpayment.

McCree got her dream home without having to put down any money or pay the average \$100 a month for mortgage insurance. She could choose any house she wanted, limited only by her ability to make the payments. It was too good a deal to turn down.



*Cheryl Winters with Miller GMAC Real Estate (left) and Kristine Dagley from Rural Development (right) give Lisa McCree a house warming present.*

### **A Full House**

Kevin and Joanna Hochgraber wanted to buy a home large enough for them and their three children in a rural community with a nice yard. They found the house they wanted for \$200,000 near **Quincy**. Despite their middle class income, they couldn't afford conventional financing. With a Rural Development guarantee of a Bank of Quincy loan, the Hochgrabers bought their new home. The guarantee reduced the cost of the loan to the bank and made the payments reasonable for the Hochgrabers.



*Photo Courtesy: Quincy Herald-Whig Photo/Steve Bohnstedt.*

*The Hochgrabers play with their children in the living room of their home purchased with a guaranteed loan.*



Photo courtesy: Olney Daily Mail

*Jamie Moore and her son Tristan live in an attractive 3-bedroom, 2-bathroom home in Olney. She bought her new house this year with a direct loan from Rural Development.*

## Direct Home Loans

Some homebuyers with more modest incomes can **borrow money directly** from Rural Development. Applicants don't need a down payment to borrow up to 100 percent of the value of a safe, well-built affordable home. The money can be used by income-eligible applicants to buy, build, improve, repair or rehabilitate the buyer's permanent home.

## Celebrating Homeownership

Rural Development celebrated Homeownership Month last June in John Dyer's backyard in Highland with a barbeque and mortgage burning. John had paid off the Rural Development direct home loan he took out in 1979.

Twenty-five years earlier, John and Lorraine Dyer were forced to leave the house in Highland that they had rented for 22 years and where they had raised all five of their children. Their landlord had decided to sell the property.

The timing was terrible for the Dyers. John had had to retire because of a medical disability after working for Swift Packing Company for 25 years. Lorraine worked several part time jobs to supplement their income, but they couldn't find a place they could afford to rent.

The Dyers decided to talk to the people at the local Rural Development office. Despite their good credit, they were surprised that people with limited income could buy a house. John credited his wife who passed away in 1993 and Rural Development with his having a comfortable place to live for the rest of his life.



*John Dyer helps Rural Development celebrate Homeownership Month by happily burning his paid off mortgage.*

## Home Repair Loans

Rural Development also provides **repair loans** for very low income applicants to remove health and safety hazards or make needed repairs. The 20 year loan has a one percent interest rate. Seniors who can't afford a loan payment are eligible for grants.

## Oh, So Much Better

Gary Hurt from Plymouth in Hancock County already knew about Rural Development home loans when he decided to get another loan to build a garage next to his home. He had gotten a loan from us once before to make improvement to his mobile home. Now Gary, who's confined to a wheelchair, can navigate from his home to his car much more easily, especially in the rain and snow.



*Rural Development Technician Diana Belknap presents Gary Hurt with a check to repair his home.*

## Senior Pride

One of our partners, Mid-Central Community Action, told a senior citizen about the Rural Development repair loan after seeing the back room in her older home. The old "porch," as she called it, housed her furnace and water heater and was badly in need of repair. The senior was approved for a \$7,500 loan with very affordable monthly payments. Her sons and family did the repairs, stretching the dollars far enough to include some siding. The senior is very proud of her new porch and she feels a lot safer.



# Community Facilities

## Helping Communities Thrive

- \$32 million in loans and grants
- 28 projects
- 4<sup>th</sup> in the nation infunds awarded

Capitalizing on its commitment to service, technical assistance and partnership, Rural Development in Illinois stepped up its outreach and financed more public facilities, equipment and essential services than ever before. We help public bodies and non-profits provide essential infrastructure for rural areas.

## Responding to Emergencies

This year Secretary Venneman announced that USDA would commit 20 percent of its community program funding to the **First Responder Initiative**, making it easier for communities to strengthen their ability to respond to local emergencies. In June the Secretary announce \$4.7 million for six First Responder projects in Illinois

### Getting It All Together



*Visitors from surrounding communities celebrate with the Centreville FPD at the firehouse ribbon cutting.*

In St. Clair County, **Centreville's** local leaders were a model of resourcefulness. The cash strapped fire district worked with Rural Development and five other organizations to put together the financing for a sorely needed new firehouse. The result was a new 4,100 square foot firehouse in a great location that replaced the old firehouse at the far end of the district.



### Strengthening Fire Protection



The **Ashley Fire Protection District** got their first new fire truck since 1973. **Apple River FPD** built a new fire station to replace inadequate rented space in Jo Daviess County. **Cave-Eastern FPD** used First Responder funding to purchase a thermal imaging camera to locate people in dark smoky buildings or in grain fields. **Ullin** in Pulaski County received a grant for a new fire station and **Spring Creek FPD** in Pike County purchased a new fire truck.

The people in these communities are happy to have better fire protection, but they are also happy that improved fire protection makes fire insurance more affordable.

### Safety First

With Rural Development help, **Saline County** upgraded its 911 system. The county dispatches 911 calls for Saline and Gallatin counties, 13 fire departments in five counties, emergency medical services in two counties, and a sheriff's office and five police departments.

The First Responder Initiative helped **White County** purchase ambulance equipment and **Fulton County Emergency Medical Association** purchase emergency power generators for ambulance stations in Canton and Ipava.

### Healthcare

The availability of healthcare is essential to the vitality of a rural community. Healthcare facilities provide critical services and are often the largest employers in the area. With \$12.7 million in 2004, Rural Development made rural Illinois a healthier place to live.

### Washington County Hospital and Health Center

Washington County Hospital District, the only health care provider for the 15,000 residents of Washington County, can now build a new medical arts building next to the hospital. The seven doctors will have comfortable, convenient, modern offices in which to see their patients. Adequate office space is crucial to recruiting and retaining physicians in rural areas.



### Richland Memorial Hospital, Inc.

Rural Development helped this non-profit corporation purchase the hospital in Olney from the county. The corporation had been leasing the 135 bed facility for eight years. By buying the 50 year old hospital and refinancing the debt, they can modernize the facility including the Family Maternity Services Unit. This is an important addition since the obstetric departments at Lawrenceville and Flora hospitals closed.

### Ferrell Hospital



Ferrell Hospital in Eldorado is known for its "health care with the hometown touch." Rural Development helped finance the purchase of the hospital by a foundation to help the 25 bed critical care access hospital in Saline County continue to be profitable. Now the hospital has a mortgage payment lower than the lease payment it had been making.



## Community Infrastructure

Roads, utilities, libraries, theaters, community centers are all threads that keep the fabric of rural communities strong.

### Giving Our Regards to Broadway

For 46 years, the **Little Theatre on the Square in Sullivan** has wowed 53,000 theatergoers with professional theatrical productions. After all those years, the non-profit theater needed major



renovations and expansion. With a loan from Rural Development, the theater will continue to be a source of entertainment and economic benefit to central Illinois.

### Improving the Infrastructure

**Cairo** was the recipient of Rural Development funds to purchase equipment for the street department and make street and sidewalk improvements. **Pulaski County** used a grant to repair the parking lot and sidewalks at the county courthouse making the courthouse more accessible.

Improvements are being made at the Homer Carter Community Park in **Alvin** in Vermilion County. Rural Development helped the village construct a restroom and septic system, water system, and a maintenance building that will also be used as a public works facility for the village.

### Twice As Nice

**Kinmundy** in Marion County needed a larger library. The library collection had grown from 3,500 books to 17,000. With volunteer staff, a stipend from the city, fundraisers, donations and a Rural Development grant, Kinmundy will have a renovated library, twice the original size.



*Library Board President Tom Turner, Area Specialist Mike Wallace, Congressman John Shimkus and Kinmundy students enjoy the \$92,000 check that will transform the public library.*

## A Better Place to Gather

**Creve Coeur** in Tazewell County will have a much nicer place to congregate. A Rural Development grant is helping to renovate the community center with a new entry, an addition, an accessible restroom, a larger resurfaced parking lot, and a well equipped larger kitchen.

### New City Hall

**Mound City** in Pulaski County had worked for six years to find a way to replace the existing city hall that had literally fallen into disrepair. The front of the building was sinking. Funds from Rural Development helped to build the spacious new city hall.

## Faith-Based and Community Programs

In 2002 President Bush incorporated USDA into his Faith-Based and Community Initiative. The President said, "The paramount goal is compassionate results, and private and charitable groups, including religious ones, should have the fullest opportunity permitted by law to compete on a level playing field, so long as they achieve valid public purposes."

### Maple Lawn Health Center

This non-profit nursing home is operated by the Mennonite Church in **Eureka** in Woodford County. The center offers many types of elder care in a Christian environment including skilled nursing and shelter care to help for those diagnosed with dementia. A Rural Development loan helped them update the 80 year old facility with a new roof, ceiling and flooring while keeping their costs as low as possible.

### United Methodist Village



*New addition to the United Methodist Village campus.*

This non-profit facility in **Lawrenceville** offers a full array of services for 300 residents including independent living, assisted living, nursing services, and inpatient and outpatient services on a 32 acre campus. The aging three story structure that housed the nursing beds needed some very expensive updates. Rural Development provided a \$3 million direct loan and \$2 million guaranteed loan to help them purchase Lawrenceville Manor to expand and improve their services.

# Water and Waste Systems

## Leading Advocate for Rural Water

- \$33.6 million in loans and grants
- 49 projects funded
- Tied for #1 for most water and waste loans in the nation

The need for safe and affordable drinking water in rural communities is as great as ever. So is the need for dependable and environmentally sound waste systems. Without funding from Rural Development, many rural Illinois residents would be denied the quality of life and economic opportunities that are dependent on rural utility systems.

### Flooding Abated

Spring rains have brought **Arcola** in Douglas County storm sewer problems for years. Rural Development helped alleviate the problem for the west side of town last year. This year, Arcola used a debt certificate to finance a mile of storm sewers on the south side of town through Rural Development. Residents no longer have to worry about driving through flooded streets or repairing flooded crawl spaces.

### Sewer Backup No More



**Beckemeyer** in Clinton County had an aging sewer system with blockages, separated joints and cracked pipes. Heavy rains severely overtaxed the collection system and the treatment facility. The sewers backed up into basements. Rural Development provided nearly \$2.5 million in financing to improve sewer service. This is the second Rural Development project in Beckemeyer. Their drinking water had been contaminated by a deserted iron smelting plant. In 1992, we financed new water lines to provide residents with safe water.

## The Plymouth Solution



There was a lot to celebrate at Plymouth's annual Old Settlers' Days this year. Rural Development's Don Burns presented a check to the Mayor Shelva Schooner for a new sewage collection and treatment system for the village. Because of malfunctioning septic tanks and effluent that flowed into streams, the village was under a consent decree with the Illinois EPA to construct a central sewer system. This community of 521 people didn't have the resources to honor the decree without a grant and loan from Rural Development.

## More Water for Moecherville

The water system in **Moecherville**, an unincorporated area southeast of Aurora, was built about 50 years ago when the community was much smaller. The aging system was plagued with places where water stagnated and bacteria thrived. Moecherville had to find a solution when EPA determined the water system couldn't support enough fire hydrants or store a safe amount of water. The answer was a \$2.75 million combination loan and grant from Rural Development for a new water system.

## Access to Regional Water

**Karnak**, a town of 619 in Pulaski County, had an old water system. Something had to be done about the poor water quality, very low water pressure and the old storage tank. Building their own treatment plant would be too expensive. Instead, they are using funding from Rural Development to buy bulk water from SouthWater, Inc., a regional water system, and to build a new and higher storage tank. Since 1998, Rural Development has provided SouthWater, Inc. with \$13.3 million in loans and grants to bring rural water to over 3,000 households in the most cost efficient way.



Area specialist Glen Hall, center, presents a check to representatives of SouthWater, Inc.



## Earth Day

Earth Day gives us an opportunity to celebrate the wise use of our natural resources and Rural Development's efforts to make that possible through our water and wastewater programs.

### Legacy for Scott County Children

Rural Development rolled out the red carpet to celebrate Earth Day in **Winchester** in Scott County. Gary Morgan, assistant administrator of water and environmental programs, traveled from Washington, D.C. to present a check for nearly \$1.2 million to the Scott County Rural Water Cooperative. Participating first graders from Winchester School planted a tree in Monument Park to commemorate the event and remind them for decades to come of the important legacy the community has given them.



*Ron Coultas and Whittington first-graders accept a check from USDA's Gary Morgan and plant a tree to help the memory last.*



## Community Celebration

Rural Development also celebrated Earth Day in **Whittington** at Ewing Township Hall in Franklin County by presenting a \$793,000 check to community leaders to replace malfunctioning septic tanks that posed a serious health hazard.



## Emergency Response

The Farm Bill authorized the use of emergency water grants to help when a community's water supply is in imminent danger from events like a drought, flood, tornado or chemical spill. The funding is targeted to those most in need.

When **Bradford's** well was contaminated, Rural Development was able to help the Stark County community construct a new, high capacity well to replace it.

The **Roodhouse** water supply was contaminated by a flood in 2003. The Greene County town remained under a boil order throughout 2004. The emergency funding provided for an interconnect to another water supply while Roodhouse pursued a permanent remedy.

**Manchester** in Scott County was also affected by the 2003 flood. Rural Development helped them with a grant for an emergency interconnect to another source.



## Creating Economic Opportunity

- Over \$20 million in business loan guarantees
- Nearly \$2.3 million in grants to expand business

Rural Development's business programs are aimed at increasing economic opportunity in rural areas. There are programs to help businesses, coops, public bodies, non-profits and individuals finance business activities that save or create jobs.

## Value Added Grants

Rural Development has awarded value added grants of more than \$2.6 million in Illinois to encourage emerging entrepreneurs to develop new businesses that will invigorate the rural economy.

One of President Bush's priorities this year was to use programs like the **Value Added Producer Grants** to create an energy independent nation through renewable resources and biomass. One of this year's grantees reflected that priority. **Illinois Valley Ethanol** in Grundy County received a \$287,500 grant to investigate the feasibility of marketing ethanol from a 50-million gallon dry grind ethanol plant in the Channahon area.



**Midwest Organics Recycling** near Wauconda in Lake County received a \$98,438 grant to establish a composting operation. The business will combine the manure from its 600 cow dairy with local landscape waste to create environmentally friendly compost that can serve as an organic substitute for nitrogen fertilizer.

In March USDA Senior Advisor Tom Dorr helped cut the ribbon at the opening of **Midwest Greenhouse**, one of last year's grantees. The state-of-the-art greenhouse uses hydroponics to grow high value red, yellow and orange bell peppers under 10 acres of glass.



*USDA's Tom Dorr and State Director Doug Wilson discuss marketing greenhouse peppers at the ribbon cutting of Midwest Greenhouse.*

## Energy Grants

The 2002 Farm Bill authorized the **Renewable Energy Systems and Energy Efficiency Improvements** grant program to help rural small businesses and farmers reduce energy costs and consumption while helping to meet the nation's critical energy needs and make our environment cleaner.

Rural Development awarded three grants in Illinois this year totaling \$753,063. Grants for \$750,000 were awarded to Bruce and Joyce Papiech who manage **GSG 3, LLC** and **GSG 2, LLC**. They are purchasing and installing 11 turbines on two utility-scale wind farms in Lee County. Operating at maximum capacity, the new turbines could produce enough electricity to meet the annual power needs of 2400 homes.

Jeff and Carol Rakers received a \$3,063 grant to replace five 15-year-old furnaces in their main greenhouse at **South End Plants, Inc.** in Quincy. The new spark ignition high efficiency models will pay for themselves in three years and save the company over \$3,000 annually.



Previous grantee LincolnLand Agri-Energy, a 40 million gallon per year ethanol production plant in Crawford County, started operation in August 2004. Like other energy grantees, they also benefited from value added grants.

## Business and Industry Guaranteed Loans

- \$20 million in business loan guarantees issued in 2004
- Serving 67 businesses with \$112 million in guaranteed loans
- Helping to keep and create 3,596 jobs in Illinois

Guaranteed business loans can be used for acquisition, start-up, expansion and debt restructuring and can make the difference between success and failure of rural businesses. They also reduce risk to lenders and raise their lending limits.

## Pap-R-Products Company, Inc.

Working through Citizens National Bank of Paris, Rural Development is helping Pap-R-Products enlarge its operations and add 10 jobs to the employee roster of 125. The Martinsville company ships its currency and coin wrappers, napkin bands, and medical packaging throughout the US and to Latin America, Canada and Europe.



## Maruti Gagan Management, LLC



Rural Development worked with Busey Bank to help Maruti Gagan Management purchase and improve Burger King restaurants in Tuscola, Tilton and Danville. The renovations will ensure that the 47 jobs stay in east central Illinois.

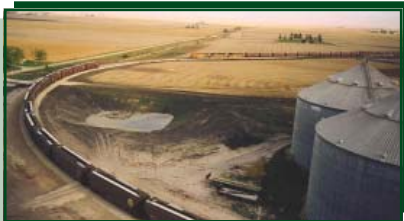
## Buster Family Restaurants

Four Buster family-styled restaurants owned by **Lambert/Sromek Enterprises, Inc.** took advantage of our loan guarantee program to transfer assets to a new entity and make restaurant improvements. Rural Development guaranteed the company's loan with Citizens First National Bank in Princeton. Buster restaurants employ 300 people.

## Farmers Elevator Company of Lowder

Rural Development guaranteed the Farmers Elevator's loan with Wemple State Bank in Waverly for a 110 unit car loop rail siding. The producer owned elevator will use the rail loop to ship grain more cost effectively on the Burlington Northern Santa Fe Railroad.

*Ransom Farmers Elevator Company in LaSalle County used a business guarantee to build a rail loop similar to the Lowder project in 2003.*



## Feutz Contractors, Inc.

This Paris, Illinois company is a heavy equipment and highway construction contractor. Rural Development guaranteed their loan with Citizens National Bank of Paris so the company can fill its backlog of existing construction contracts and target future expansion. Feutz employs 132 people.



## Incentives for Business

Towns, townships, counties and non-profits often have a vested interest in keeping or attracting business to their area. **Rural Business Enterprise Grants** can help these interests develop their communities, expand or retain businesses and create or save jobs.

## Earlville

Earlville in LaSalle County won a grant to replace sidewalks and water services downtown, install new street lights and reconstruct a road. The upgrades benefit 22

small businesses, their customers, their 49 employees and downtown visitors. The improvements will undoubtedly make it possible to rent vacant downtown properties.

## Milledgeville

A grant to Milledgeville in Carroll County helped them widen and improve Main Avenue and Railroad Street to an 80,000 pound truck standard. These streets are part of a truck access route and are critical to the success of eight businesses including the Milledgeville Farmers Coop elevator, Fritz Asphalt and United Producers, Inc., a livestock buying station.



Some communities are using Rural Development funds to develop **industrial parks** to encourage businesses to locate or expand in their area.

## Vienna

Vienna in Johnson County needed nearly 3,000 feet of roadway to substantially improve access to its industrial park. Rural Development funded two roads making it possible for the Shawnee Winery Coop to develop its retail and processing facility. The park has the potential to create as many as 60 jobs.



## Washburn

The village constructed an industrial park on the edge of town just inside Marshall County. They needed to extend a road to secure their first tenant, County Line Tool, Inc. Rural Development provided the funds and the company moved to the park and added six jobs to their roster.

## Revolving Loan Programs

Rural Development makes loans to intermediaries—public bodies and private non-profits—to capitalize their revolving loan programs. The **Intermediary Relending Program** makes these loans at one percent interest for 30 years.

Rural Development helped recapitalize **Pulaski County's** revolving loan program. Hard hit by the loss of large area employers, the county is using the revolving loan funds to attract the interest of small manufacturing businesses, retail, light manufacturing and small business start-ups. Nearby **Alexander County** is using \$750,000 in Rural Development funding to target 10 potential loan applicants that could reverse the effect of the recent business closings it has experienced.

# Technical Assistance & Outreach

## Giving a Helping Hand



*Staff meet with potential homebuyers at an outreach event in Mounds.*

One of the unique things about Rural Development is the service we provide beyond the execution of loans and grants. Our staff, including an engineer and an architect, are always ready to share their expertise.

Local offices host **housing** information meetings in communities where many families often realize they can buy their own homes. Staff talk with clients one-on-one to determine needs, wants and possibilities.

Rural Development provides funds to the **Partnership for Home Ownership**, a non-profit foundation associated with the Illinois Association of REALTORS, to counsel first-time homebuyers. They give advice on credit issues like restructuring debt, correcting credit file

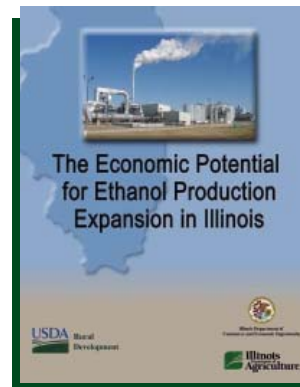


*Program Director Barry Ramsey (center) talks about our housing initiative in southern Illinois on a Marion television program.*

errors, and solving post-purchase problems. Pre-purchase education and debt counseling reduce default rates and can make the difference between success and failure for first-time homebuyers.

We provide outreach through institutions like the **Illinois Institute for Rural Affairs** at Western Illinois University. They build the capacity of local leaders with specialized technology-based tools; help agriculture-based organizations find new opportunities; assist rural cooperatives develop better opportunities; and place Peace Corps volunteers with small rural businesses.

**Ethanol** holds a lot of promise for Illinois, but an ethanol facility can cost between \$50 and \$70 million. We helped to fund two tools specifically for people in Illinois who are thinking about investing in an ethanol plant. We supported a study to assess the statewide potential for ethanol production. The second tool is a free internet-based program to assess the potential for investing in an ethanol plan in a specific area.



Rural Development funds the **Illinois Rural Water Association** to provide technical assistance, hands-on help and training to water and wastewater operators and board members. We also support the **Illinois Community Action Association's** rural technical assistance program.

# Telecommunications & Electricity

## Empowering Communities with Rural Utilities

- \$34 million in electric loans
- \$10.4 million in telecommunications loans and grants

This year **Monroe County Electric Cooperative** and **Southwestern Electric Cooperative** were given loans to expand their distribution. **Menard Electric Cooperative** received a loan to build a new headquarters that replaces buildings they have used for 60 years.

**Illinois Rural Electric Cooperative** got a loan to build a wind turbine north of Pittsfield. The coop is using the loan and a Rural Development energy grant awarded last year to build a 1.65 megawatt wind turbine to serve coop members in a six county area. Inquiries on electric loans can be sent to [Aaron.Johnson@usda.gov](mailto:Aaron.Johnson@usda.gov).



*The wind turbine at Pittsfield will be operational in mid-2005.*

Rural Development awarded the **Shawnee Telephone Company** a \$9.7 million loan to expand and modernize their services. Litchfield's **St. Francis Hospital** received a distance learning technology grant to buy and install a system to replace the use of analog radiology film with digital images that will greatly improve service.

**West Central Illinois Educational Telecommunication Corporation** got a grant to complete the transition of Quincy's public television station WQEC to digital broadcasting.

**High-speed Internet access** is important to rural economic development and President Bush's goal is to expand that access to every household by 2007. Illinoisans attended workshops in Chicago and St. Louis to get detailed, 'hands-on' instruction on how to apply for a Rural Development broadband loan. Inquiries on telecommunications projects can be sent to [Allen.DeForest@usda.gov](mailto:Allen.DeForest@usda.gov).



## Office of the Year — Marion Local Office



The Marion Local Office was recognized for superior performance in processing the largest number of single family housing loans this year, 55 percent more than last year, and excelling in all three housing program areas. They developed and provided an excellent training program for first time homebuyers. They increased their outreach and made more than twice as many new construction loans as the next highest office.

## Support Staff Employee of the Year — Shari Lannon

Shari is a technician in the Champaign Area Office. She is willing to assist anyone, anywhere, at any time. As the first point of contact, she has been a critical part of servicing the rural rental housing accounts and maintains contact with managers and tenants. She improved our service potential by working on loan evaluation software and training loan officers on its use. Her follow up helped the area office maintain a zero delinquency rate in community programs.



## Specialist of the Year — Tom Beyers

Tom, a specialist working in Salem, was honored for his work ethic, knowledge, leadership and character. He helped start several rural water companies and advised them through the difficult start-up years. He was instrumental in starting a water roundtable to help water districts in Southern Illinois succeed and is still its guiding force. He is working to amend a state law that will give non-profits the same authority as public bodies for water line right-of-ways. The change would make it easier to bring clean, safe water to more rural residents. This year he provided rural communities and businesses with nearly \$15 million in loans and grants.



*The 133 employees of USDA Rural Development in Illinois thank all of our partners for helping us maximize our resources to help the people of rural Illinois.*

# Office Location

## Area 1

**Galesburg Area Office**  
309-342-5138 x 5

**Morris Area Office**  
815-942-9390

**Princeton Area Office**  
815-875-8732 x 5

**Carthage Local Office**  
217-357-2188 x 4

**Galesburg Local Office**  
309-342-5138 x 4

**Lincoln Local Office**  
217-735-5508 x 4

**Ottawa Local Office**  
815-433-0551 x 4

**Princeton Local Office**  
815-875-8732 x 4

## Area 2

**Champaign Area Office**  
217-403-6236

**Effingham Area Office**  
217-347-7107 x 5

**Jacksonville Area Office**  
217-243-1535 x 6

**Champaign Local Office**  
217-352-3536 x 4

**Charleston Local Office**  
217-345-3901 x 4

**Effingham Local Office**  
217-347-7107 x 4

**Jacksonville Local Office**  
217-243-1535 x 4

**Pontiac Local Office**  
815-844-6127 x 4

**Quincy Local Office**  
217-224-9307 x 4

## Area 3

**Harrisburg Area Office**  
618-252-8621 x 5

**Nashville Area Office**  
618-327-8822

**Salem Area Office**  
618-548-2230 x 4

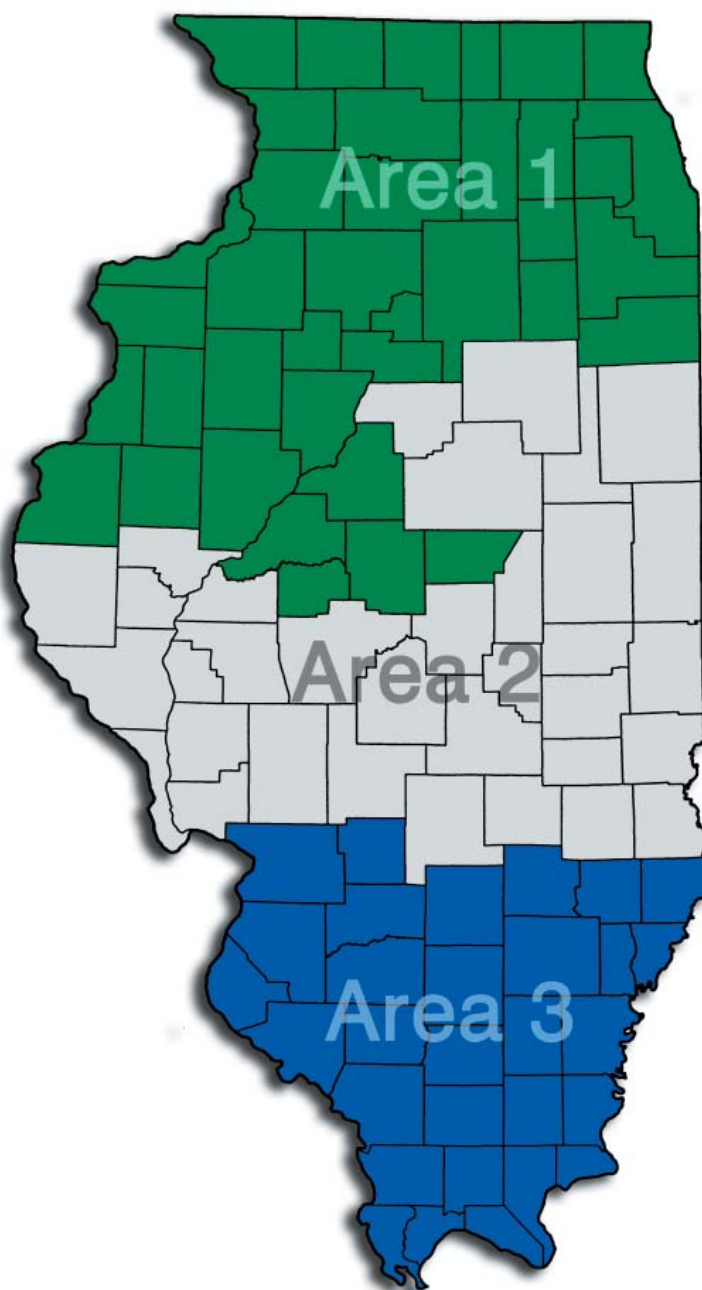
**Edwardsville Local Office**  
618-656-7300 x 4

**Marion Local Office**  
618-993-5396 x 4

**Mt. Vernon Local Office**  
618-244-0773 x 4

**Olney Local Office**  
618-392-7141 x 4

**State Office**  
217-403-6200



## Contact & Discrimination Information

For more information about USDA Rural Development loans and services, contact us by mail at 2118 West Park Court, suite A, Champaign, IL 61821 or call us at 217-403-6200. Our Fax is 217-403-6243 and our TDD is 217-403-6240. You can also visit us on the web at [www.rurdev.usda.gov/il](http://www.rurdev.usda.gov/il).

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To file a complaint of discrimination, write: USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14<sup>th</sup> and Independence Avenue, SW, Washington, D. C. 20250-9410, or call 202-720-5964 (voice and TDD). USDA is an equal opportunity lender, provider and employer.